

Growing a Confident, Innovative and Resilient Economy



Ireland's economy is based primarily on the value of our people. It is driven forward by our creative, ambitious entrepreneurs, made competitive by our smart, capable workers and depends on talented, energetic young graduates.

Successive Governments have consistently failed to live up to the ambition, passion and confidence of our entrepreneurs and our workforce. For too long our industrial policy has been a defensive posture, focused on "holding what we have" rather than looking at how we can grow our economy with confidence over the next 10 or 20 years.

We know that it is difficult to predict exactly what the global economy will look like in 20 years' time. However, it is reasonable to assume there will continue to be a fast pace of change, with resulting challenges and opportunities for our relatively small, relatively open economy. We believe that our medium term strategy should be to invest heavily in the development of a highly skilled and flexible workforce, and to increase supports for new and existing companies to allow them to grow from Ireland, rather than needing to leave Ireland to grow.

Before discussing specific business and enterprise centred policy proposals, it is worth considering how our broader policies for a Social Democratic Ireland would create a society that can foster indigenous growth and Foreign Direct Investment into the future.

- We are committed to improving equality and access in education. This will harness the full potential of the Irish Workforce by helping to bring the best out of our people.
- We are committed to reducing the cost of living through policies in key areas such as housing, health and energy. This will help to ensure that Ireland remains attractive as place to come to work (a factor that has been key in Ireland's recent hi-tech industry boom) and as a place to employ people.
- We are committed to tackling corruption in Ireland through the establishment of an independent anti-

corruption agency. This will help our best businesses thrive through honest competition based on merit.

- We are committed to tackling Ireland's infrastructure deficit. The building of new transport networks, upgrading educational institutes, providing high speed broadband to the whole country and putting in place the local services required to build thriving communities are all essential to promoting a positive business climate in Ireland.

The above policies are part of an observed virtuous cycle in socially democratic economies – by investing to provide the environment where businesses can succeed, we in turn get economic growth. This growth funds social investment back into a highly educated workforce, transport and broadband infrastructure, affordable housing and supports for new and growing companies.

For this reason, social democratic countries are the best places to start and grow businesses. At present in Ireland, we have the opposite – a downward spiral of underinvestment in both education and entrepreneurship. Expensive childcare, rents and insurance is putting pressure on wages. Underinvestment in broadband and connectivity is hurting our international competitiveness. If this continues it is likely that our economy will diminish over time; we will be less able to fund investment in these areas; and we will find we are less able to maintain a high value economy.

So what does a confident, ambitious economic policy for a social democratic Ireland look like for inward investment, growing businesses and a high value workforce?

Key Policies to maintain high levels of long term Foreign Direct Investment

- In the near term, we are committed to maintaining the 12.5% corporate tax rate which is an important factor in our competitiveness as an FDI location – however, we would regularise our treatment of all companies to ensure that 12.5% is collected;
- For the medium term, we will challenge EU Fiscal Rules to allow for the greater level of investment required to bridge Ireland's infrastructure deficit – which is acting as a brake on growth in all areas of the country. We would tactically restructure our public debt, to free up fiscal space and take advantage of historically low borrowing costs;
- For the long term, we want to ensure that the Irish economy competes for FDI at the higher end of the value chain, where investment will be predicated less on our tax system than on the agility and innovation of our workforce. Competing solely on price instead of value is not sustainable for most businesses, and nor is it right for our economy.

Key policies that will equip the Irish workforce to maintain high value in a fast changing world

- Steadily reducing primary school class sizes to the EU average of 20;
- Introducing skills-based courses to include innovation, entrepreneurship, communications and critical thinking, together with required professional development for teachers;
- Investing in access programmes, building on existing successes, to ensure broad socio-demographic representation across the third level system;
- Recognising that an apprenticeship ought to be acknowledged as a valuable third level education and a better competency based approach for some trainee professionals, we propose a new innovative National Apprenticeships programme in line with the European Framework for Quality and Effective Apprenticeships to help meet workforce needs and skill shortages. We want to see a particular focus on new apprenticeships in areas such as coding, IT security and AI;
- Investment in lifelong education so that employees can up-skill and re-skill to enrich the workforce and drive their own careers.

Key Policies for Enterprise

- Provide an additional €100m for Enterprise Ireland for start-up support funding to bring support levels in line with comparable European states, ensuring that our start-ups are supported to grow internationally from an Irish base;
- While we believe that the current levels of Capital Gains Tax are appropriate overall, we believe it would be a good investment to allow entrepreneurs to off-set a portion of Capital Gains Tax against rollover investment in new Irish start-ups;
- Recognising the key role that cooperatives have played in developing Irish industry particularly our major success stories like Kerry and Glanbia and ensuring that new and growing companies based on this model have equal access to state supports;
- Adjust the tax-treatment of share options for start-up employees so that they can be rewarded without penalty for taking the risk of joining a new venture.

Key Policies for SMEs and the Self Employed

- To respond to an immediate issue, we would provide a special Brexit fund to Enterprise Ireland to help insulate indigenous industries traditionally heavily dependent on trade with the UK (particularly agriculture, food and beverage, fisheries and energy) towards new European markets, and non-UK suppliers;
- We are committed to improving self-employed tax credits and providing the same social protections as PAYE workers on a voluntary opt-in basis;
- As a principal, we want interactions with the state to progress at the normal speed of doing business – This will require revision and simplification of a tax system which has grown complex over decades and the implementation of a user friendly web portal for businesses to file tax returns, employment, compliance, etc;
- As part of tax simplification, we will introduce opt-in mechanisms to spread tax payments throughout the year which will bring greater cash-flow stability;
- We will boost the collection of Local Authority rates and apply the saving to all businesses.